

Voluntary Report - public distribution

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## Australia

### Grain and Feed

### Grain Update - January 2004 Lockup 2003

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**Report Highlights:**

Australia's 2003/04 wheat harvest is projected at a near-record 23.5 million metric tons (MMT), unchanged from the previous forecast. The Australian Bureau of Agriculture and Resource Economics forecasts the 2003/04 wheat crop at 23.9 MMT. Continued shortages of irrigation water have constrained plantings of summer-grown rice and cotton. Grain sorghum area is projected to be up from last year.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Canberra [AS1]  
[AS]

## WHEAT UPDATE

### Bumper Wheat Crop Expected

Australia's 2003/04 wheat harvest is projected at a near-record 23.5 million metric tons (MMT), unchanged from the previous forecast (see Report #AS3049, 11/25/03). The Australian Bureau of Agriculture and Resource Economics (ABARE), in their December 2, 2003 Crop Report, forecast the 2003/04 wheat crop at 23.9 MMT. According to ABARE, record or near-record wheat crops are projected for Western Australia and Victoria. Harvests in New South Wales and Queensland are expected to be below average due to poor growing season weather. Australia's record wheat harvest was 24.85 MMT in 2001/02.

A record wheat crop is expected to be harvested in Western Australia. ABARE, in their December 2003 Crop Report, projected wheat production in the state at a record-setting 9.83 MMT, on the basis of record area and yield. The previous record wheat crop in Western Australia was 9.0 MMT harvested during the 1999/2000 season. Cooperative Bulk Handling, which procures most of Western Australia's grain crop, is also expecting a record 'grain' (which includes wheat, barley, canola, and pulses) crop in the state, with receipts of as much as 15 MMT. CBH reports that total 'grain' delivered into their facilities reached 10.6 MMT on December 15, 2003. CBH's previous record 'grain' procurement was 12.2 MMT in 1999/2000.

The 2002/03 wheat production estimate has been increased according to Australian Government sources. In ABARE's December Crop Report, the 2002/03 wheat crop is estimated at 10.1 MMT, up from the previous 9.385 MMT. The upward adjustment is attributed to recently released data from the Australian Bureau of Statistics (ABS).

### Increased Wheat Supplies Available for Export; New China Business

The bumper 2003/04 wheat crop will provide substantially increased quantities of wheat for export. Australia's monopoly wheat exporter, AWB, reports that a one million metric ton milling wheat contract was signed with the China National Cereals, Oils and Foodstuffs Import and Export Corporation (COFCO), the sole buying agent for China. The first shipment of wheat is planned for December 2003. AWB reports that this is the first significant sale made by AWB to China since 1996. Australia used to supply between one and two million tons of wheat to China annually.

### Bumper Barley Crop also Expected

Australia's 2003/04 barley crop is projected at 7.75 MMT, up sharply from last season's drought-reduced harvest. Record or near record barley crops are expected in the major producing states of South Australia and Western Australia. In ABARE's December 2003 Crop Report the 2003/04 barley crop is projected at 7.74 MMT, up from 3.77 MMT harvested in 2002/03.

## SUMMER CROP UPDATE

Continued shortages of irrigation water have constrained plantings of rice and cotton in crop year 2003/04 (generally planted at the end of 2003 and harvested in the first half of 2004). In their December 2003 Crop Report, ABARE projected rice area at 60,000 hectares, up from 38,000 hectares of the previous year, but sharply lower than the five-year average of about 150,000 hectares. For cotton, ABARE projected area at 182,000 hectares, down from last season's 203,000 hectares and a five-year average of 480,000 hectares.

For grain sorghum, ABARE expects area to reach 800,000 hectares, up from last year's 673,000 hectares and a five-year average of about 660,000 hectares.

Recent favorable rainfall across much of eastern Australia has helped to partially recharge irrigation water supplies and soil moisture levels.

#### **RECENT POST REPORTING ON GRAIN**

Grain Update – December Lockup, AS3049, 11/25/03

Partial Deregulation of Barley Exports in WA, AS3047, 11/19/03

Wheat and Rice Update – November Lockup, AS3044, 11/03/03

ABARE September Crop Report, AS3029, 9/09/03